



What is the purpose of Impact Fees? The “Impact Fee” is charged for electricity, water and sewer services to the resident/real estate developer to cover expanding the capacity of existing services to handle additional demand of the systems supporting customers and fixed business costs associated with management of that utility.

BACKGROUND: Utility impact fees are fees that are imposed by the Lewes Board of Public Works on a new or proposed development project to pay for all or a portion of the costs of providing public services to the new development. Development impact fees are one-time charges applied to offset the additional public-service costs of new development.

The fees imposed on residents and real estate developers alike are charged on a per equivalent residential connection (ERC) basis. An ERC is representative of the average water, wastewater, reclaimed water capacity and electrical service required to serve a typical individually metered single-family residential customer.

The impact fees are usually applied at the time a building permit is issued and are dedicated to provision of additional services, such as electric, water and sewer systems made necessary by the presence of new residents in the area. The funds collected cannot be used for operation, maintenance, repair, alteration or replacement of existing capital facilities and cannot just be added to general revenue. They are essentially user fees levied in anticipation of use, expanding the capacity of existing services to handle additional demand. The amount of the fee is linked to the added service cost and not some arbitrary amount.

Although impact fees do not alter total service or infrastructure costs, they do affect who pays those costs. Each community must decide whether the cost of new infrastructure is charged directly to the new residents by using impact fees, or shared among all new and current residents through higher rates to pay for the increased capacity of the infrastructure.

This is a sensitive issue, because current residents may object to raising the rates needed for new facilities serving new residents, lowering the average level of service for all. Or, if the costs are charged to new users, current residents can enjoy any increase in average service benefits from the construction of new facilities without paying for them.

The Lewes BPW instituted a policy of impact fees for new users in 1985. This policy continues today based on the guiding principle that new customers have a zero impact on the existing customers.

STATUS: The “impact fee” rates are periodically updated based on an analysis of service costs done by an outside engineering firm. The BPW Impact Fees can be found on the BPW web page: www.lewesbpw.delaware.gov or by visiting the BPW Administration Office.

QUESTIONS: If you have further questions about the basis for the “**Impact Fees**”, please contact the BPW General Manager, Darrin Gordon at 302-645-6228.